GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3667
ANSWERED ON:25.08.2006
PRIVATISATION OF PSBS
Reddy Shri Karunakara G.

Will the Minister of FINANCE be pleased to state:

(a) whether Government has received suggestion for privatisation of Public Sector Banks ;

(b) if so, the details thereof;

(c) the reaction of the Government thereto; and

(d) the time by which final decision in this regard is likely to be taken?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d): The Govt. equity in the nationalised banks has been increasingly diluted and offered to public by way of public issues with a view to have more and more public participation in the affairs of the Nationalised Banks. Out of 19 nationalised banks,15 have already accessed the capital market. Presently, Government`s share in equity of 7 nationalised banks is less than 60%. The existence of private shareholders in the PSBs also imposes a responsibility on the Govt., as a majority shareholder,to enhance the shareholder value and protect minority shareholders` rights.The Govt. intends to create an environment conducive for thePSBs to raise additional funds from the market for meeting Basel n requirements and to respond effectively to emerging competitive pressures. However, in terms of Section 3 (2B) (c) of Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, the Government shall at all times hold not less than 51% of the paid up capital of a nationalized bank. Presently there is no proposal under consideration to reduce Government shareholding in nationalised banks below the statutory requirement.